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AMENDED IN SENATE MARCH 28, 2006
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AMENDED IN SENATE FEBRUARY 27, 2006

SENATE BILL

No. 1206

**Introduced by Senator Kehoe
(Coauthors: Senators Dunn and Machado)**

January 26, 2006

An act to amend Sections 33030, 33031, 33320.1, 33378, 33445, 33485, 33486, 33500, and 33501 of, and to add Sections 33501.1, 33501.2, 33501.3, 33501.7, and 33601.5 to, the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 1206, as amended, Kehoe. Redevelopment.

(1) The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight in those communities and defines a blighted area as one that is predominantly urbanized and characterized by specified conditions.

This bill would revise the definition of "predominantly urbanized" and revise the conditions that characterize a blighted area. The bill would prohibit the inclusion of nonblighted parcels in a redevelopment project area for the purpose of obtaining property tax revenue from the area without substantial justification for their inclusion.

(2) Existing law makes an ordinance that adopts, modifies, or amends a redevelopment plan subject to referendum and requires the referendum petitions circulated in cities and counties over 500,000 population be submitted to the clerk of the legislative body within 90 days of the adoption of the ordinance subject to referendum.

This bill would extend these provisions to all cities and counties.

(3) Existing law prohibits a redevelopment agency from using tax increment funds for the construction or rehabilitation of a city hall or county administration building.

This bill would include land acquisition, related site clearance, and design costs in the prohibition against using tax increment funds for the construction of a city hall or county administration building.

(4) Existing law authorizes a redevelopment agency to merge project areas under its jurisdiction without regard to contiguity of the areas.

This bill would require the legislative body of the redevelopment agency that intends such a merger to find, based on substantial evidence, that significant blight remains within one of the project areas and that the blight cannot be eliminated without the merger.

(5) Existing law authorizes the bringing of a civil action to determine the validity of proceedings taken by a legislative body related to the establishment of a redevelopment agency and specified actions taken by a redevelopment agency and makes the Department of Finance an interested person in action brought with regard to the validity of an ordinance adopting a redevelopment plan.

This bill would require the civil action to be commenced within 90 days from the date of the decision of the legislative body or redevelopment agency and would also make the Attorney General an interested person in a civil action brought to determine the validity of these matters. The bill would authorize the Attorney General to intervene as of right in these civil actions.

The bill would prohibit an action from being brought against a redevelopment agency or legislative body unless the grounds for noncompliance with the Community Redevelopment Law are presented to the agency or legislative body orally or in writing before the close of the required public hearing.

The bill would require any party filing a pleading or brief in an action challenging the validity of a finding and determination that the project area is blighted to serve a copy of the pleading or brief on the Attorney General and would prohibit a court from granting relief to a

party unless proof is filed with the court that the party has complied with this requirement.

The bill would prohibit a redevelopment agency or legislative body from permitting or requiring a property owner or real party in interest to indemnify the agency or legislative body against these civil actions as a condition of adopting or amending a redevelopment plan.

(6) Existing law requires a redevelopment plan containing provisions for the receipt and use of property tax increment revenues by the redevelopment agency to contain a time limit not exceeding 20 years from the adoption of the redevelopment plan on the establishing of loans, advances, and indebtedness to be paid with the proceeds of those revenues to finance the redevelopment project, except by amendment of the redevelopment plan.

This bill would prohibit a redevelopment agency from establishing any bonded indebtedness to be paid with tax increment revenues commencing with the 11th fiscal year in which the agency receives property tax increment revenues from a project area unless the legislative body finds, based on substantial evidence, that significant blight remains within the project area and this blight cannot be eliminated without the establishment of the indebtedness.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 33030 of the Health and Safety Code is
2 amended to read:

3 33030. (a) It is found and declared that there exist in many
4 communities blighted areas that constitute physical and economic
5 liabilities, requiring redevelopment in the interest of the health,
6 safety, and general welfare of the people of these communities
7 and of the state.

8 (b) A blighted area is one that contains both of the following:

9 (1) An area that is predominantly urbanized, as that term is
10 defined in Section 33320.1, and is an area in which the
11 combination of conditions set forth in Section 33031 is so
12 prevalent and so substantial that it causes a reduction of, or lack
13 of, proper utilization of the area to such an extent that it
14 constitutes a serious physical and economic burden on the
15 community that cannot reasonably be expected to be reversed or

1 alleviated by private enterprise or governmental action, or both,
2 without redevelopment.

3 (2) An area that is characterized by one or more conditions set
4 forth in any paragraph of subdivision (a) of Section 33031 and
5 one or more conditions set forth in any paragraph of subdivision
6 (b) of Section 33031.

7 (c) A blighted area that contains the conditions described in
8 subdivision (b) may also be characterized by the existence of
9 inadequate public improvements, including water and sewer
10 utilities.

11 SEC. 2. Section 33031 of the Health and Safety Code is
12 amended to read:

13 33031. (a) This subdivision describes physical conditions
14 that cause blight:

15 (1) Buildings in which it is unsafe or unhealthy for persons to
16 live or work. These conditions can be caused by serious building
17 code violations, serious dilapidation, seriously defective design,
18 construction that is vulnerable to serious damage from seismic or
19 geologic hazards, and faulty or inadequate water and sewer
20 utilities.

21 (2) Factors that prevent or substantially hinder the
22 economically viable use or capacity of buildings or lots. This
23 condition can be caused by buildings of substandard design, lots
24 of inadequate size given present general plan and zoning
25 standards, and market conditions.

26 (3) Adjacent or nearby incompatible land uses that prevent the
27 economic development of those parcels or other portions of the
28 project area.

29 (4) The existence of subdivided lots that are in multiple
30 ownership and whose economic development has been impaired
31 by their irregular shapes and inadequate sizes, given present
32 general plan and zoning standards and market conditions.

33 (b) This subdivision describes economic conditions that cause
34 blight:

35 (1) Depreciated or stagnant property values. As used in this
36 paragraph, “depreciated or stagnant property values” means that
37 the annual rate of increase in the assessed valuation of real
38 property within the project area is less than 50 percent of the
39 annual rate of increase in the assessed valuation of real property

1 in either the community or the county in seven out of the 10
2 previous fiscal years.

3 (2) Properties containing hazardous wastes that require the use
4 of agency authority as specified in Article 12.5 (commencing
5 with Section 33459).

6 (3) Abnormally high business vacancies or abnormally low
7 lease rates. As used in this paragraph, “abnormally high business
8 vacancies” means that the vacancy rate for commercial and
9 industrial uses in the project area is greater than 200 percent of
10 the vacancy rate for similar uses in either the community or the
11 county. As used in this paragraph, “abnormally low lease rates”
12 means that the average value of the monthly leases for
13 commercial and industrial uses in the project area are less than 50
14 percent of the average value of the monthly leases for similar
15 uses in either the community or the county.

16 (4) An inadequate number of necessary commercial facilities
17 that are normally found in neighborhoods, including grocery
18 stores, drug stores, and banks and other lending institutions. As
19 used in this paragraph, an “inadequate number of necessary
20 commercial facilities” means that the number of neighborhood
21 commercial facilities per 1,000 residents of the project area is
22 less than 50 percent of the number of similar facilities per 1,000
23 residents in either the community or the county.

24 (5) Residential overcrowding that has resulted in significant
25 public health or safety problems. As used in this paragraph,
26 “residential overcrowding” means that the percentage of
27 overcrowded dwelling units in the project area is greater than 200
28 percent of the percentage of overcrowded dwelling units in either
29 the community or the county. As used in this section,
30 “overcrowded” means exceeding the standard prescribed in
31 Article 5 (commencing with Section 32) of Chapter 1 of Title 25
32 of the California Code of Regulations.

33 (6) An excess of bars and liquor stores that has resulted in
34 significant public health or safety problems. As used in this
35 paragraph, an “excess of bars and liquor stores” means that the
36 number of retail liquor licenses per 1,000 residents in the project
37 area is greater than 200 percent of the number of retail liquor
38 licenses per 1,000 residents in either the community or the
39 county.

1 (7) An excess of adult-oriented businesses that has resulted in
2 significant public health or safety problems.

3 (8) A high crime rate that constitutes a serious threat to the
4 public safety and welfare. As used in this paragraph, “high crime
5 rate” means that the crime rate in the project area is greater than
6 200 percent of the crime rate in either the community or in the
7 county, as measured by either the California Crime Index
8 prepared by the Department of Justice, pursuant to Sections
9 13010 and 13012 of the Penal Code, or the Uniform Crime
10 Reporting Program operated by the Federal Bureau of
11 Investigation.

12 SEC. 3. Section 33320.1 of the Health and Safety Code is
13 amended to read:

14 33320.1. (a) “Project area” means, except as provided in
15 Section 33320.2, 33320.3, 33320.4, or 33492.3, a predominantly
16 urbanized area of a community that is a blighted area, the
17 redevelopment of which is necessary to effectuate the public
18 purposes declared in this part, and that is selected by the planning
19 commission pursuant to Section 33322.

20 (b) As used in this section, “predominantly urbanized” means
21 that not less than 80 percent of the land in the project area is
22 either of the following:

23 (1) Developed for urban uses.

24 (2) An integral part of one or more areas developed for urban
25 uses that are surrounded or substantially surrounded by parcels
26 that have been or are developed for urban uses. Parcels separated
27 by only an improved right-of-way shall be deemed adjacent for
28 the purpose of this subdivision. Parcels that are not blighted shall
29 not be included in the project area for the purpose of obtaining
30 the allocation of taxes from the area pursuant to Section 33670
31 without other substantial justification for their inclusion.

32 (c) For the purposes of this section, a parcel of property as
33 shown on the official maps of the county assessor is developed
34 for urban uses if that parcel meets any of the following
35 conditions:

36 (1) Is presently developed for urban uses consistent with
37 present general plan and zoning standards.

38 (2) Is presently developed for urban uses as a legal,
39 nonconforming use.

1 (3) Had been developed for urban uses consistent with the then
2 applicable general plan and zoning standards.

3 (d) The requirement that a project be predominantly urbanized
4 shall apply only to a project area for which a final redevelopment
5 plan is adopted on or after January 1, 1984, or to an area that is
6 added to a project area by an amendment to a redevelopment
7 plan, which amendment is adopted on or after January 1, 1984.

8 SEC. 4. Section 33378 of the Health and Safety Code is
9 amended to read:

10 33378. (a) With respect to any ordinance that is subject to
11 referendum pursuant to Sections 33365 and 33450, the language
12 of the statement of the ballot measure shall set forth with clarity
13 and in language understandable to the average person that a
14 “Yes” vote is a vote in favor of adoption or amendment of the
15 redevelopment plan and a “No” vote is a vote against the
16 adoption or amendment of the redevelopment plan.

17 (b) Notwithstanding any other provision of law, including the
18 charter of any city or city and county, referendum petitions
19 circulated in all cities or counties shall bear valid signatures
20 numbering not less than 10 percent of the total votes cast within
21 the city or county for Governor at the last gubernatorial election
22 and shall be submitted to the clerk of the legislative body within
23 90 days of the adoption of an ordinance subject to referendum
24 under this article.

25 (c) With respect to any ordinance that is subject to referendum
26 pursuant to Sections 33365 and 33450 and either provides for
27 tax-increment financing pursuant to Section 33670 or expands a
28 project area that is subject to tax-increment financing, the
29 referendum measure shall include, in the ballot pamphlet, an
30 analysis by the county auditor-controller and, at the option of the
31 legislative body, a separate analysis by the agency, of the
32 redevelopment plan or amendment that will include both of the
33 following:

34 (1) An estimate of the potential impact on property taxes per
35 each ten thousand dollars (\$10,000) of assessed valuation for
36 taxpayers located in the city or county, as the case may be,
37 outside the redevelopment project area during the life of the
38 redevelopment project.

1 (2) An estimate of what would happen to the project area in
2 the absence of the redevelopment project or in the absence of the
3 proposed amendment to the plan.

4 SEC. 5. Section 33445 of the Health and Safety Code is
5 amended to read:

6 33445. (a) Notwithstanding Section 33440, an agency may,
7 with the consent of the legislative body, pay all or a part of the
8 value of the land for and the cost of the installation and
9 construction of any building, facility, structure, or other
10 improvement that is publicly owned either within or without the
11 project area, if the legislative body determines all of the
12 following:

13 (1) That the buildings, facilities, structures, or other
14 improvements are of benefit to the project area or the immediate
15 neighborhood in which the project is located, regardless of
16 whether the improvement is within another project area, or in the
17 case of a project area in which substantially all of the land is
18 publicly owned that the improvement is of benefit to an adjacent
19 project area of the agency.

20 (2) That no other reasonable means of financing the buildings,
21 facilities, structures, or other improvements, are available to the
22 community.

23 (3) That the payment of funds for the acquisition of land or the
24 cost of buildings, facilities, structures, or other improvements
25 will assist in the elimination of one or more blighting conditions
26 inside the project area or provide housing for low- or
27 moderate-income persons, and is consistent with the
28 implementation plan adopted pursuant to Section 33490.

29 (b) The determinations by the agency and the local legislative
30 body pursuant to subdivision (a) shall be final and conclusive.
31 For redevelopment plans, and amendments to those plans which
32 add territory to a project, adopted after October 1, 1976,
33 acquisition of property and installation or construction of each
34 facility shall be provided for in the redevelopment plan. A
35 redevelopment agency shall not pay for the normal maintenance
36 or operations of buildings, facilities, structures, or other
37 improvements that are publicly owned. Normal maintenance or
38 operations do not include the construction, expansion, addition
39 to, or reconstruction of, buildings, facilities, structures, or other

1 improvements that are publicly owned otherwise undertaken
2 pursuant to this section.

3 (c) When the value of the land or the cost of the installation
4 and construction of the building, facility, structure, or other
5 improvement, or both, has been, or will be, paid or provided for
6 initially by the community or other public corporation, the
7 agency may enter into a contract with the community or other
8 public corporation under which it agrees to reimburse the
9 community or other public corporation for all or part of the value
10 of the land or all or part of the cost of the building, facility,
11 structure, or other improvement, or both, by periodic payments
12 over a period of years.

13 (d) The obligation of the agency under the contract shall
14 constitute an indebtedness of the agency for the purpose of
15 carrying out the redevelopment project for the project area,
16 which indebtedness may be made payable out of taxes levied in
17 the project area and allocated to the agency under subdivision (b)
18 of Section 33670 or out of any other available funds.

19 (e) In a case where the land has been or will be acquired by, or
20 the cost of the installation and construction of the building,
21 facility, structure, or other improvement has been paid by, a
22 parking authority, joint powers entity, or other public corporation
23 to provide a building, facility, structure, or other improvement
24 that has been or will be leased to the community, the contract
25 may be made with, and the reimbursement may be made payable
26 to, the community.

27 (f) With respect to the financing, acquisition, or construction
28 of a transportation, collection, and distribution system and related
29 peripheral parking facilities, in a county with a population of
30 4,000,000 persons or more, the agency shall, in order to exercise
31 the powers granted by this section, enter into an agreement with
32 the rapid transit district that includes the county, or a portion
33 thereof, in which agreement the rapid transit district shall be
34 given all of the following responsibilities:

35 (1) To participate with the other parties to the agreement to
36 design, determine the location and extent of the necessary
37 rights-of-way for, and construct, the transportation, collection,
38 and distribution systems and related peripheral parking structures
39 and facilities.

1 (2) To operate and maintain the transportation, collection, and
2 distribution systems and related peripheral parking structures and
3 facilities in accordance with the rapid transit district’s
4 outstanding agreements and the agreement required by this
5 paragraph.

6 (g) (1) Notwithstanding any other authority granted in this
7 section, an agency shall not pay for, either directly or indirectly,
8 with tax increment funds the construction, including land
9 acquisition, related site clearance, and design costs, or
10 rehabilitation of a building that is, or that will be used as, a city
11 hall or county administration building.

12 (2) This subdivision shall not preclude an agency from making
13 payments to construct, rehabilitate, or replace a city hall if an
14 agency does any of the following:

15 (A) Allocates tax increment funds for this purpose during the
16 1988–89 fiscal year and each fiscal year thereafter in order to
17 comply with federal and state seismic safety and accessibility
18 standards.

19 (B) Uses tax increment funds for the purpose of rehabilitating
20 or replacing a city hall that was seriously damaged during an
21 earthquake that was declared by the President of the United
22 States to be a natural disaster.

23 (C) Uses the proceeds of bonds, notes, certificates of
24 participation, or other indebtedness that was issued prior to
25 January 1, 1994, for the purpose of constructing or rehabilitating
26 a city hall, as evidenced by documents approved at the time of
27 the issuance of the indebtedness.

28 SEC. 6. Section 33485 of the Health and Safety Code is
29 amended to read:

30 33485. The Legislature finds and declares that the provisions
31 of this part, which require that taxes allocated pursuant to Section
32 16 of Article XVI of the California Constitution and Section
33 33670 be applied to the project area in which those taxes are
34 generated, are designed to assure (1) that project areas are
35 terminated when the redevelopment of those areas has been
36 completed and (2) that the increased revenues that result from
37 redevelopment accrue to the benefit of affected taxing
38 jurisdictions at the completion of redevelopment activities in a
39 project area. Mergers of project areas are desirable as a matter of
40 public policy if they result in substantial benefit to the public and

1 if they contribute to the revitalization of blighted areas through
2 the increased economic vitality of those areas and through
3 increased and improved housing opportunities in or near such
4 areas. The Legislature further finds and declares that it is
5 necessary to enact a statute that sets out uniform statewide
6 standards for merger of project areas to assure that those mergers
7 serve a vital public purpose.

8 SEC. 7. Section 33486 of the Health and Safety Code is
9 amended to read:

10 33486. (a) For the purpose of allocating taxes pursuant to
11 Section 33670 and subject to the provisions of this article,
12 redevelopment project areas under the jurisdiction of a
13 redevelopment agency for which redevelopment plans have been
14 adopted pursuant to Article 5 (commencing with Section 33360),
15 may be merged, without regard to contiguity of the areas, by the
16 amendment of each affected redevelopment plan as provided in
17 Article 12 (commencing with Section 33450). Before adopting
18 the ordinance amending each affected redevelopment plan, the
19 legislative body shall find, based on substantial evidence, that
20 both of the following conditions exist:

21 (1) Significant blight remains within one of the project areas.

22 (2) This blight cannot be eliminated without merging the
23 project areas and the receipt of property taxes.

24 (b) (1) Except as provided in paragraph (2), taxes attributable
25 to each project area merged pursuant to this section that are
26 allocated to the redevelopment agency pursuant to Section 33670
27 may be allocated to the entire merged project area for the purpose
28 of paying the principal of, and interest on, indebtedness incurred
29 by the redevelopment agency to finance or refinance, in whole or
30 in part, the merged redevelopment project.

31 (2) If the redevelopment agency has, prior to merger of
32 redevelopment project areas, incurred any indebtedness on
33 account of a constituent project area so merged, taxes attributable
34 to that area that are allocated to the agency pursuant to Section
35 33670 shall be first used to comply with the terms of any bond
36 resolution or other agreement pledging the taxes from the
37 constituent project area.

38 (c) After the merger of redevelopment projects pursuant to
39 subdivision (a), the clerk of the legislative body shall transmit a
40 copy of the ordinance amending the plans for projects to be

1 merged to the governing body of each of the taxing agencies that
2 receives property taxes from or levies property taxes upon any
3 property in the project.

4 SEC. 8. Section 33500 of the Health and Safety Code is
5 amended to read:

6 33500. No action attacking or otherwise questioning the
7 validity of any redevelopment plan, or amendment to a
8 redevelopment plan, or the adoption or approval of such plan, or
9 amendment, or any of the findings or determinations of the
10 agency or the legislative body in connection with such plan shall
11 be brought prior to the adoption of the redevelopment plan nor at
12 any time after the elapse of 90 days from and after the date of
13 adoption of the ordinance adopting or amending the plan.

14 The amendments made to this section at the 1977–78 Regular
15 Session of the Legislature do not represent a change in, but are
16 declaratory of, existing law.

17 SEC. 9. Section 33501 of the Health and Safety Code is
18 amended to read:

19 33501. (a) An action may be brought pursuant to Chapter 9
20 (commencing with Section 860) of Title 10 of Part 2 of the Code
21 of Civil Procedure to determine the validity of bonds and the
22 redevelopment plan to be financed or refinanced, in whole or in
23 part, by the bonds, or to determine the validity of a
24 redevelopment plan not financed by bonds, including without
25 limiting the generality of the foregoing, the legality and validity
26 of all proceedings theretofore taken for or in any way connected
27 with the establishment of the agency, its authority to transact
28 business and exercise its powers, the designation of the survey
29 area, the selection of the project area, the formulation of the
30 preliminary plan, the validity of the finding and determination
31 that the project area is predominantly urbanized, and the validity
32 of the adoption of the redevelopment plan, and also including the
33 legality and validity of all proceedings theretofore taken and (as
34 provided in the bond resolution) proposed to be taken for the
35 authorization, issuance, sale, and delivery of the bonds, and for
36 the payment of the principal thereof and interest thereon.

37 (b) Notwithstanding any other provision of law, an action
38 brought pursuant to this section shall be commenced within 90
39 days from the date of the decision of the legislative body or the
40 agency.

1 (c) For the purposes of protecting the interests of the state, the
2 Attorney General and the Department of Finance are interested
3 persons pursuant to Section 863 of the Code of Civil Procedure
4 in any action brought with respect to the validity of an ordinance
5 adopting or amending a redevelopment plan pursuant to this
6 section.

7 (d) For purposes of contesting the inclusion in a project area of
8 lands that are enforceably restricted, as that term is defined in
9 Sections 422 and 422.5 of the Revenue and Taxation Code, or
10 lands that are in agricultural use, as defined in subdivision (b) of
11 Section 51201 of the Government Code, the Department of
12 Conservation, the county agricultural commissioner, the county
13 farm bureau, the California Farm Bureau Federation, and
14 agricultural entities and general farm organizations that provide a
15 written request for notice, are interested persons pursuant to
16 Section 863 of the Code of Civil Procedure, in any action
17 brought with respect to the validity of an ordinance adopting or
18 amending a redevelopment plan pursuant to this section.

19 SEC. 10. Section 33501.1 is added to the Health and Safety
20 Code, to read:

21 33501.1. Notwithstanding Chapter 9 (commencing with
22 Section 860) of Title 10 of the Code of Civil Procedure, the
23 Attorney General may, pursuant to subdivision (b) of Section 387
24 of the Code of Civil Procedure, intervene as of right in an action
25 specified in Section 33501 challenging the validity of any finding
26 and determination that a project area is blighted. The Attorney
27 General may seek permissive intervention pursuant to
28 subdivision (a) of Section 387 of the Code of Civil Procedure in
29 any other action brought pursuant to Section 33501.

30 SEC. 11. Section 33501.2 is added to the Health and Safety
31 Code, to read:

32 33501.2. (a) An action shall not be brought pursuant to
33 Section 33501 unless the alleged grounds for noncompliance
34 with this division were presented to the agency or the legislative
35 body orally or in writing by any person before the close of the
36 public hearing required by this division.

37 (b) A person shall not bring an action pursuant to Section
38 33501 unless a person objected to the decision of the agency or
39 the legislative body before the close of the public hearing
40 required by this division.

1 (c) This section does not preclude any organization formed
2 after the approval of a project from bringing an action pursuant to
3 Section 33501 if a member of that organization has complied
4 with subdivision (b).

5 (d) This section does not apply to the Attorney General.

6 (e) This section does not apply to any alleged grounds for
7 noncompliance with this division for which there was no public
8 hearing or other opportunity for members of the public to raise
9 those objections orally or in writing before the decision by the
10 agency or the legislative body, or if the agency or the legislative
11 body failed to give the notice required by law.

12 SEC. 12. Section 33501.3 is added to the Health and Safety
13 Code, to read:

14 33501.3. If an action specified in Section 33501 challenging
15 the validity of any finding and determination that the project area
16 is blighted is filed in any court, each party filing any pleading or
17 brief with the court in that proceeding shall serve, within three
18 days of the filing with the court, a copy of that pleading or brief
19 on the Attorney General. Relief, temporary or permanent, shall
20 not be granted to a party unless that party files proof with the
21 court showing that it has complied with this section. A court
22 may, by court order, allow a party to serve the Attorney General
23 after the three-day period, but only upon showing of good cause
24 for not complying with the three-day notice requirement, and that
25 late service will not prejudice the Attorney General’s ability to
26 review, and possibly participate in, the action.

27 SEC. 13. Section 33501.7 is added to the Health and Safety
28 Code, to read:

29 33501.7. Notwithstanding any other provision of law, an
30 agency or legislative body shall not permit or require a property
31 owner or a real party in interest to indemnify the agency or the
32 legislative body against actions brought pursuant to Section
33 33501 *to challenge the adoption or amendment of a*
34 *redevelopment plan*, as a condition of adopting or amending a
35 redevelopment plan.

36 SEC. 14. Section 33601.5 is added to the Health and Safety
37 Code, to read:

38 33601.5. (a) Commencing with the 11th fiscal year in which
39 an agency receives tax increments from a project area, the agency
40 shall not establish any bonded indebtedness to be paid with the

1 proceeds of property taxes received pursuant to Article 6
2 (commencing with Section 33670) to finance, in whole or in part,
3 that redevelopment project unless the legislative body finds,
4 based on substantial evidence, that both of the following
5 conditions exist:

6 (1) Significant blight remains within the project area.

7 (2) This blight cannot be eliminated without the establishment
8 of the bonded indebtedness.

9 (b) This section shall not prevent an agency from refinancing,
10 refunding, or restructuring an existing indebtedness if that
11 indebtedness is not increased and the time during which the
12 indebtedness is to be repaid is not extended beyond the time limit
13 to repay indebtedness required by Article 4 (commencing with
14 Section 33330) of Chapter 4.

15 SEC. 15. It is the intent of the Legislature by amending
16 Section 33501 of the Health and Safety Code in Section 9 of this
17 act to determine that the Attorney General and the Department of
18 Finance are interested persons pursuant to Section 863 of the
19 Code of Civil Procedure in actions specified in subdivision (c) of
20 Section 33501 of the Health and Safety Code. It is not the intent
21 of the Legislature to preclude a court from exercising its
22 discretion to find that the Attorney General or the Department of
23 Finance are interested persons in other actions brought pursuant
24 to Section 33501 of the Health and Safety Code. *It is the intent of*
25 *the Legislature that no court should consider, in any manner, the*
26 *fact that the Legislature did not determine that the Attorney*
27 *General and the Department of Finance are interested persons in*
28 *other actions brought pursuant to Section 33501 of the Health*
29 *and Safety Code.*

30 SEC. 16. In enacting Section 10 of this act to add Section
31 33501.1 to the Health and Safety Code, it is the intent of the
32 Legislature to create for the Attorney General an exception to the
33 ruling in *Green v. Community Redevelopment Agency* (1979) 96
34 Cal.App.3d 491.

O